Pre-payment of small savings loans

2191.SHRI KANJIBHAI PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Gujarat has requested the Central Government for surrender or pre-payment of small savings loans;

(b) whether the Central Government are considering to allow swap of high cost outstanding small savings loans with fresh loans of small saving;

(c) whether States are in a position to raise fresh debts (market loans/ negotiated loans) at a rate of interest of 7 per cent;

(d) Government are still charging 12 per cent on old small savings loans and even not accepting pre-payment; if so, what are the reasons therefor;

(e) whether this rate is higher than the interest on small savings scheme; and

(f) if so, the reasons thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Yes, Sir. Some State Governments including Government of Gujarat have expressed reservations in accepting 100 per cent transfer of net small savings collections mobilized by them and have also requested to swap high coupon loans from the National Small Savings Fund (NSSF) with current lower coupon borrowings. Government of India has already implemented a State Debt Swap Scheme from 2002-2003 to 2004-05 under which the States were enabled to pre-pay their high coupon loans, including small savings loans, owed to the Government of India with lower coupon loans from NSSF and additional open market borrowings. State swapped high coupon loans amounting to Rs. 1,03,652 crore under the scheme.

(c) No, Sir.

(d) to (f) The rate of interest on loans to States from NSSF depends upon the cost of funds, which includes, *inter-alia*, the interest paid to the depositors, remuneration paid to Department of Posts and banks and the commission paid to small savings agents. Further, there is a mismatch in the maturity of small savings deposits and the tenor of loans to the States. The loans to the States are for a period of 25 years whereas the average

maturity of deposits is around 6.5 years. However, the benefit of reduction in the interest rate on small savings deposits whenever effected from 1999 onwards, has been fully passed on to the States.

Self-Help Groups in Jharkhand

2192. MISS MABEL REBELLO: Will the Minister of FINANCE be pleased to state:

(a) how many SHGs have been formed in the Jharkhand;

(b) how many Self-Help Groups are linked to banking services and economic activities with details, block-wise;

(c) what is the total amount disbursed to SHGs in Jharkhand during the last three years; and

(d) what is the average amount disbursed to beneficiaries of SHG during the last three years by different banks, bank-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) 31,435 SHGs have been formed in Jharkhand as on 31st March, 2006.

(b) The number of SHGs credit linked with banks and economic activities taken up by them in Jharkhand as on 31 March 2006 is 30,819. District-wise position is given in the Statement. (*See* below)

(c) and (d) The total amount disbursed to SHGs by banks in Jharkhand and the average amount disbursed per beneficiary during the last three years is as under:

(Rs. in lakh)

Year	Amount Disbursed	Average amount disbursed per beneficiary
2003-04	1481.04	0.02
2004-05	2998.00	0.02
2005-06	3998.74	0.03